Alberta
weekly economic review

March 30, 2012

Average Weekly Earnings

Albertans continue to see solid earnings growth...

To begin the year, earnings growth in Alberta once again outpaced the national increase. Average weekly earnings rose 1.5% in January to $1,065, a level that is 3.5% higher than the same month last year and 20% above the national average. Alberta had second largest year-over-year gain in earnings among the provinces after Newfoundland's jump of 6.2%. Annual growth in weekly earnings continues to outpace inflation, which was 2.9% in January.

At the national level, average weekly earnings were up 0.6% to $889 from the previous month and up 2.0% from a year ago. With national inflation sitting at 2.5% in January, Canada's earnings growth did not keep pace with inflation.

Canadian GDP By Industry

GDP growth slows...

Canada's real GDP crept up 0.1% in January, slowing from December's robust 0.5% gain. Small gains in both the services and the good sectors helped GDP growth remain positive, with the manufacturing industry being the main driver (+0.7%). Declines in the volatile mining, oil & gas sector (-0.5%), as well as the agriculture, fishing & foresty industry (-0.9%) limited the overall economic gains.

Rigs Drilling

Drilling activity pulls back...

After ramping up to near a 6-year high last month, rig activity in March fell back likely due to an early spring break-up. The average number of rigs drilling in Alberta declined to 338 in March, 7.5% lower than the same month last year. The decline pushed rig utilization to 57% in March.

Drilling activity usually slows in March but the decline over last year could be the result of an early thaw, pulling rigs out of commission sooner than usual. Nevertheless, the average number of rigs drilling in the first quarter was still ahead (+3.7%) of the same quarter last year. Nationally, drilling activities declined an even sharper 11.3% from March 2011.

Industrial Product & Raw Materials Price Index

IPPI creeps up but RMPI weakens...

The industrial products price index (IPPI), which measures the "plant gate" price Canadian industrial producers receive for their goods, edged up 0.2% in February. The uptick came on the back of gains in gasoline, and primary metals prices. Meanwhile, the raw materials price index (RMPI) continued its checkered path, flipping from a 0.2% gain in January to a 0.5% decline in February, as a result of lower crude oil and ferrous metals prices.

Despite the monthly divergence, both the IPPI and RMPI continue to track above February 2011 levels, at +1.7% and +1.5% respectively.

US Economy

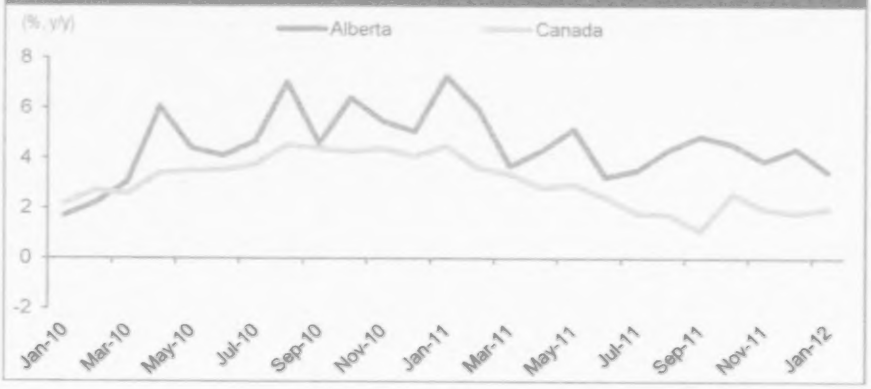
US economy gaining some traction...

Some positive signs for the US economy emerged from this week's suite of data. The final estimate of 4th quarter GDP growth remained at 3%, which marks a solid improvement from the 1.8% recorded in the 3rd quarter.

A more timely positive indicator was February's 0.8% jump in personal consumption spending, the strongest monthly gain since July 2011. Spending on durables, non-durables, and services all improved.

Amid the positive data, a mild dose of weaker news crept back into the US picture. Consumer confidence waned slighty in March after a healthy gain in February as uncertainty over the future weighed on confidence. Also, the S&P Case Shiller Index, which measures house prices in the top 20 metropolitan areas, remained flat in January over December, and was down 3.8% over January 2011.

Growth in Average Weekly Earnings



Closing Prices	March 22, 2012	March 29, 2012	2011-12 Fiscal YTD
Canadian Dollar ($US/$CAN)	99.97	100.01	100.72
WTI Oil ($US/bbl)	$105.36	$102.78	$97.17
NYMEX Natural Gas ($US/MMBtu)	$2.27	$2.15	$3.62

Alberta Economic Indicators1

Population	2010	2011	2012YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population (1,000's)	3,721	3,779	3,818	3,799			3,803		
% change	1.3	1.6	2.0	1.8			2.0		
Net Interprovincial Migration2 (level)	2,183	13,660	9,146	2,136			6,010		
Net International Migration (level)	21,533	14,093	13,877	7,580			8,097		
Net Non-permanent Residents (level)	-77	-7,568	-2,400	-2,396			105		
Labour Market									
Employment (1,000's)	2,017	2,094	2,132	2,125	2,153	2,130	2,126	2,126	
% change	0.4	3.8	3.3	4.4	4.8	4.9	3.9	2.8	
Unemployment Rate (%)	6.5	5.5	5.0	5.1	5.0	4.9	4.9	5.0	
Participation Rate (%)	72.9	73.7	73.9	74.1	74.2	74.0	74.1	73.7	
NEW: Average Weekly Earnings ($)	993	1,036.7	1,065.5	1,052.8	1,049.9	1,049.9	1,066.6		
% change	4.5	4.6	3.5	4.5	1.9	4.4	3.5		
Price Indices									
Consumer Price Index	1.0	2.4	2.4	1.4	1.2	2.0	2.0	1.0	
Excluding food and energy	0.8	0.8	1.2	1.1	1.5	1.2	1.4	1.0	
Non-Res. Building Const. Price Index3	0.1	3.4	–	–	–	4.0	–	–	
Farm Product Price Index	3.9	17.4	5.50	12.3	12.6	10.2	6.5	–	
Crops	14.5	19.1	-4.10	3.7	4.5	1.8	-4.1	–	
Livestock	5.7	17.2	15.00	19.4	19.4	17.6	16	–	
Household Sector									
Housing Starts (SAAR '000's)	26.9	25.5	28.4	33.0	40.0	26.3	25.6	31.1	
% change	34.5	5.3	35.6	25.0	35.1	37.4	37.6	39.7	
Housing Price Index4	0.5	0.4	0.70	0.7	0.4	0.5	0.7	–	
Edmonton	0.8	0.9	1.30	1.1	1.1	1.2	1.5	–	
Calgary	1.7	-0.1	0.10	0.2	0.2	0.1	-0.1	–	
MLS Average Resale Prices ($ 000's)	350.9	365.8	361.8	362.3	355.6	351.0	343.6	360.5	
% change	3.1	1.0	-0.7	1.4	0.3	-0.7	-2.7	1.2	
Edmonton ($ 000's)	326.5	325.7	329.6	326.7	326.0	326.0	325.2	334.1	
% change	2.3	-0.9	2.7	0.7	-0.9	1.3	0.7	4.7	
Calgary ($ 000's)	397.4	402.8	394.5	401.6	394.7	400.4	378.6	410.4	
% change	3.4	0.9	-2.9	1.4	-0.2	1.7	-6.2	0.4	
Retail Sales	6.0	7.0	9.40	10.5	7.8	7.8	9.4	–	
New Motor Vehicle Sales	9.3	9.3	23.20	19.9	12.6	11.7	23.2	–	
Consumer Bankruptcies (level)	8,150	5,960*	–	615	–	–	–	–	
% change	18.4	14.3*	–	36.4	–	–	–	–	
Business Sector									
NEW: Rig Drilling (level)	207	285	299.0	316	280	198	401	459	535
% change	61.3	37.9	3.7	28.7	19.4	25.8	7.8	9.9	7.5
Goods Exports (customs based)	12.4	18.3	12.6	21.3	29.9	14.6	12.6	–	
Energy	17.2	19.2	11.9	26.4	32.0	15.3	11.9	–	
Agriculture	14.4	21.4	27.2	36.5	31.7	30.3	27.2	–	
Total Farm Cash Receipts (quarterly)	-3.9	16.2	–	–	–	22.8	–	–	
Manufacturing Shipments	11.0	18.0	16.5	17.0	25.5	16.1	16.5	–	
Wholesale Trade	10.8	14.8	15.9	17.8	15.1	14.2	15.9	–	
Building Permits	2.1	11.2	27.9	11.5	10.7	48.0	27.9	–	
Residential	24.7	4.7	23.4	30.5	30.0	39.6	23.4	–	
Non- residential	-19.0	20.4	37.0	-0.6	18.1	-67.1	37.0	–	
Business Bankruptcies (level)	378	227*	–	30	–	–	–	–	
% change	-6.7	-27.9*	–	25.0	–	–	–	–	

YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.

Unless otherwise indicated, all figures are year- over- year percentage change.

2Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

3Quarterly, average of Calgary and Edmonton.

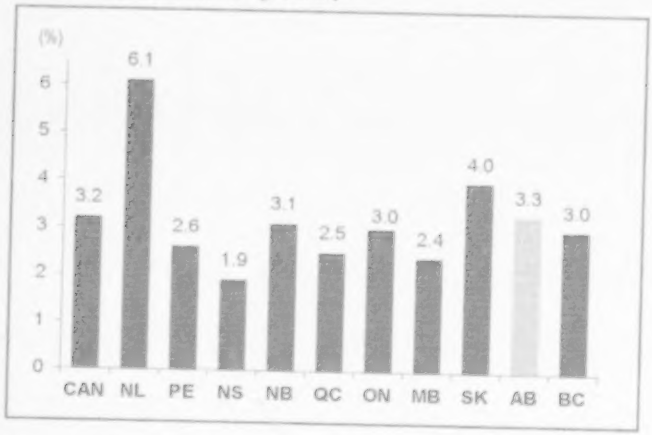
4Average of Calgary and Edmonton.

* Represents 2011 year- to- date.

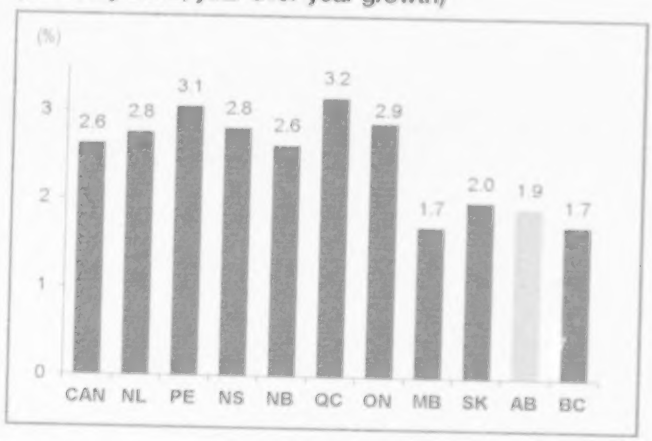
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

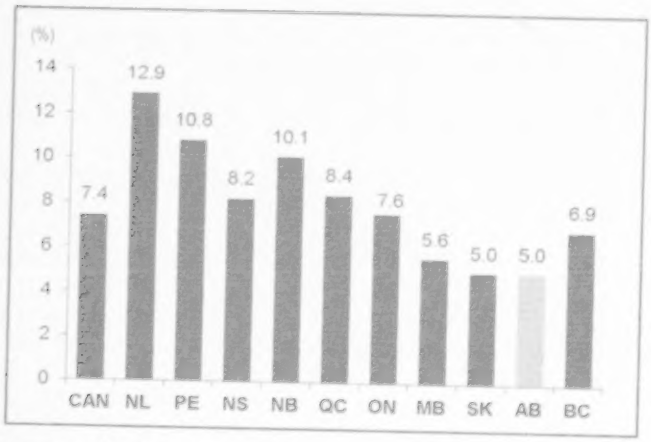
Real GDP Growth by Province
(2010, year-over-year growth)



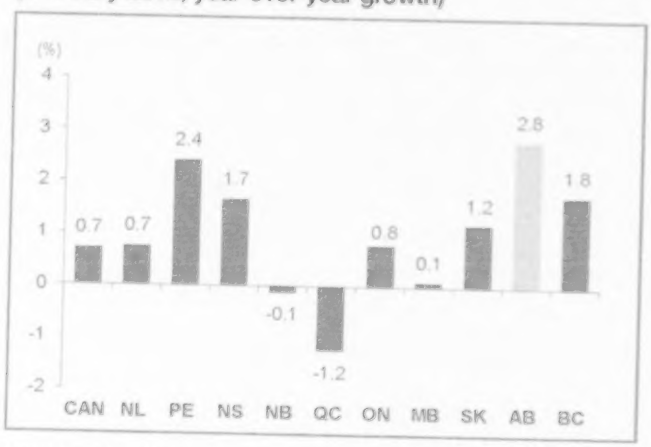
CPI Inflation
(February 2012, year-over-year growth)



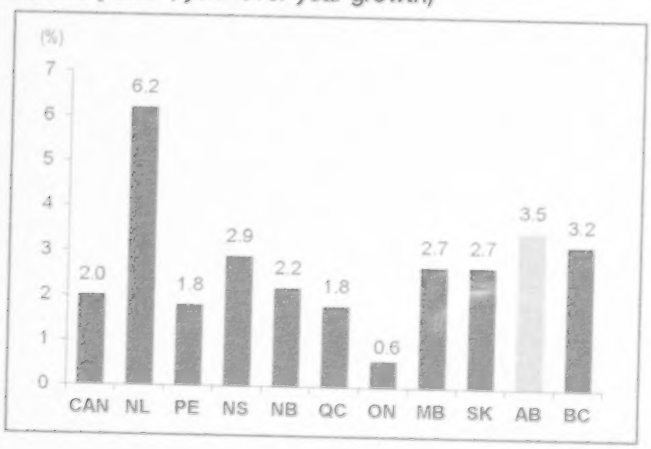
Unemployment Rate
(February 2012)



Employment
(February 2012, year-over-year growth)



Average Weekly Earnings
(January 2012, year-over-year growth)



Housing Starts
(February 2012, SAAR, year-over-year growth)